

To the Board of Psychological Strategy
Department of State
Washington, D. C.

RE: THE PROGRAM OF PEOPLE'S CAPITALISM

Gentlemen:

In almost every nation of the world there is the Communist Party, working EXCLUSIVELY, for the Soviet Union. Each party is led by natives of that nation -- Togliatti in Italy, Thorez in France, etc. Formally, Soviet Russia has not other relationship with these various national communist parties except in the ideological field. And yet, they are doing their best to establish in every nation the same form of government as in Russia.

What America opposes against this world wide communist movement? The Marshall Plan, sponsored, directed and financed by the American Government; the Atlantic Pact, sponsored, directed and financed by the American Government; the United Nations, sponsored, influenced and chiefly, financed by the American Government.

Furthermore, while the American doctrine advocates and proclaims the democratic process of private enterprise, vice-versa, it is the American Government who provides the Management and Capital of all this foreign activity and therefore, it seems that communists are right in stating that Government's Management and Government's Capital MUST REPLACE private enterprise management and private investors' Capital.

A group of naturalized Americans of Italian descent -- who prepared the following "PROGRAM OF PEOPLE'S CAPITALISM" -- call the attention of their American Government and their fellow American citizens upon what their relatives and friends from old countries write and say:

that the American nation is wasting money, energy and time in the attempt to stop communism and -- unless a more American pattern is followed in our foreign activity -- this country of ours cannot stop many countries from falling, one after the other, in the Soviet orbit and risk ultimately, an uncertain, destructive and ruinous third world war. To substantiate their friendly advice, they point us the recent result in the May and June Italian elections where communists advanced in popular votes from 31% in 1948 to 36% in 1951.

However, we have in our own American backyard, in our own grasp, the WAYS and MEANS to win this battle against communism all over the world with less strain upon our resources, less money and less risk. But, we must stop to follow one mile behind the social-communist method. We can offer an ideology so advanced and so perfect to make communist ideology obsolete as a sail-ship near a liner. And, we Americans can play more easily and efficiently, the same cards as communists do. We can have too, many people in other nations doing the fight for America -- and we can add, GLADLY and SAFELY -- exactly, as the communists are doing the fight for Russia.

That's the substance of the proposed PROGRAM OF PEOPLE'S CAPITALISM MOVEMENT. A movement to be carried on through the organization and function of its "Economic Parties", to be organized in each and all nations and named the "American, British, French, Italian, etc. ECONOMIC SECURITY LEAGUE. This objective can be easily achieved if the American Government will do INFORMALLY, in behalf of the People's Capitalism ideology and its Leagues, the same things that the Russian Government is doing INFORMALLY, in behalf of Communism ideology and its communist parties.

The blueprint of People's Capitalism is the result of years of improvements of an economic theory, named "Hallesint System" and conceived in 1894, at Les Halles of Paris, France, by an economist from Genoa, Italy. In 1922, a group of professional and business people organized themselves into an association to sponsor this theory and which was called "UNIONE HALLESISTA ITALIANA" (Italian Hallesint Union). Prince Don Mario Colonna was elected as its Chairman.

The UHI was persecuted and its members smeared and vilified by fascist leaders in Italy and abroad, because it was opposed to the totalitarian principles of fascism in both, the political and economic fields. The Hallesint theory advocated by the Unione Hallesista Italiana - which was re-organized after the war - is favoring the "portfolio investment" over the "direct investment" through the functioning of an "UNIVERSAL FOUNDATION" along the lines of the Universal Postal System. The task of this Foundation is that of creating an international trust fund, called "Hallesint Consolidates", made up by stocks and bonds, issued by public and private enterprises in every nation, and purchased with currency secured through the sale of a standard security, termed "Hallesint Cartelle Consolidates", to actual and potential investors of every nation.

As every one can see, while the idea has merit, it is too far ahead to be understood by the average mind of the people. As a matter of fact, Guglielmo Giannini, the founder of the Italian political party, "THE COMMON MAN PARTY", wrote in his party's newspaper "L'UOMO QUALUNQUE", March 14, 1951, this true remark: "The tragedy of the sponsors of the Hallesint System is that they seem unable to make themselves understood...Evidently, they need somebody who can be able to explain more clearly their principles and objectives".

-- 4 --

Our group of American students of the Hallesint System did casually, in 1949-50, what Giannini suggests in 1951. We discovered that all misunderstanding about the Hallesint ideology is caused by the overlooking of a simple fact; so simple that usually it escapes the attention of the most experienced eyes. It is the habit of calling with its technical name of "Sodium Chloride", what is a daily, business practice in the United States and which, vice-versa, would be immediately grasped and understood by everybody in the world, if this business practice would be called with its popular name of "Table Salt". It is the common American business practice of buying stocks and bonds by millions of people in every walk of life.

For instance, page 5 of LOOK Magazine, June 5, 1951, is covered with an advertisement of the Bell Telephone System which says: "ONE MILLION PEOPLE have put their money in the Bell Telephone System". That's just as calling this fact "Sodium Chloride". IT IMPLIES A PURELY BUSINESS OPERATION! But, if the same advertisement would read: "TODAY, ONE MILLION PEOPLE OWN THE BELL TELEPHONE SYSTEM", then, the same thing is called "Table Salt".

In fact, in saying ONE MILLION PEOPLE OWN the telephone business IT IMPLIES A NEW CONCEPTION, a new ideology, APPLIED TO THE RIGHT OF PROPERTY. That's that of offering to the masses of people the opportunity to become CO-OWNERS of the means of production and distribution. Consequently, the property of the automobile factories, the steel mills, the railroads, the mines, the banks, the stores, etc., and ITS INCOME, can be shared among the people of the nation through the purchase of stocks and bonds. So, the property of these private enterprises can be "DEMOCRATIZED" instead of being "Nationalized" or "Socialized. These

masses of people SHOULD BECOME the Co-Owners of means of production and distribution instead of being a private or a Government's MONOPOLY. And this operation, this ideology can be actuated without bloody revolutions, without overthrowing the Government and in the interest of every citizen of the Nation. That's the new ideology that our group of American students of the Hallesint System have termed "PEOPLE'S CAPITALISM" so that everybody can understand. And it is with this typically American capitalist method that the world should be acquainted through the practical propaganda of the People's Capitalism movement.

If this movement will be initiated in the United States, it would be exploited by communist as a kind of "SUBTERFUGE" of the Capitalist America's propaganda. However, it would be 100% more efficient if the same movement of People's Capitalism would be started in Italy -- on account of the Hallesint precedent -- and from that country irradiated all over the world. That's the reason why we suggest that a group of American people, familiar with this new ideology, be sent in Italy with the informal assistance and support of the American Government.

In Italy, this group can secure the co-operation of the Unione Hallesista Italiana -- they are about 20,000 members, mostly of the intellectual and professional type -- and organize the first nucleus of investors under the name of "LEGA ITALIANA PER LA SICUREZZA ECONOMICA" (Italian Economic Security League). This "Lega" will be the Italian Economic Party sponsoring the American ideology of People's Capitalism to counteract the action of the Italian Communist Party, sponsoring the Russian ideology of Communism. The program of the Lega is that of working to achieve "ECONOMIC SECURITY" to the Italian people, through ECONOMIC, rather than through POLITICAL means, as suggested

by the Communist Party.

The Lega Italiana per la Sicurezza Economica will challenge the Italian Communist Party in ITS OWN PSYCHOLOGICAL and IDEOLOGICAL FIELD. In presenting the ideology of People's Capitalism the Lega advocates the idea that the property of factories, mines, railroads, ships, banks, stores, etc., - briefly, the property and the income of the means of production and distribution in each nation SHOULD BE CO-OWNED BY THE PEOPLE THEMSELVES. It should NOT BE a private monopoly as it was the case of the old European Capitalist System. It should NOT BE a State monopoly, as socialists and communists advocate.

As the Italian Communist Party is pointing to the "Eldorado" of Soviet Russia to prove the great advantages for the "proletariat" under the Communist government, similarly the Lega Italiana per la Sicurezza Economica will point out the REAL PROSPERITY of America to prove the soundness of the American economic formula of People's Capitalism. If millions of American people in every walk of life OWN the telephone business, the oil industries, the steel mills, the automobile factories and so forth, THE SAME THING CAN BE DONE BY MILLIONS OF ITALIAN PEOPLE, in Italy; by millions of French people, in France, and so forth. And the Lega SHALL EMPHASIZE that People's Capitalism is the secret of the American prosperity and not their natural resources because other nations have the same resources but not the same prosperity.

Through the newspapers, radio, lectures, personal contacts, etc., the Lega will appeal to all actual and potential investors to join its rank and file. The slogan of the Lega is the following: "A MINIMUM AMOUNT OF SAVINGS, invested by the MAXIMUM NUMBER OF PEOPLE, is the practical way to transform every PROLETARIAN into a PROPRIETOR".

Simultaneously, from the Rome headquarters, the Lega will establish connections with all Italian descent people, living in the United States, France, England, Argentine, Brazil, Chile, etc., and will ask them to cooperate ^{in calling} ~~bring to~~ the attention of people in the nation where they are living, ^{on} the movement of People's Capitalism and help in organizing a federated activity, such as the "American Economic Security League" in the United States; the "French Economic Security League", in France, and so forth. Each national League to be entirely independent but having the same standard organization and ~~their~~ common interests facilitated by a kind of mutual cooperation.

To help spread out this movement the following objective can be introduced in the Program of the various Leagues. However, while greatly helpful, it is not strictly needed and it may be also considered as a long-range objective.

This is the objective: in every Marshall Plan's countries, there is a fund in national currency, 95% of which is put at the disposal of each nation's government for reconstruction projects. This fund has been also the apple of discord for many reasons. We can mention the case of spaghetti and finished clothing sent to Italy, under the Marshall Plan's label in the place of wheat and raw material. A fact which forced out of business many Italian spaghetti factories and tailors shops with their labor forces unemployed.

The "League" in each one of these Marshall Plan's countries can advocate a more practical and less controversial use of this 95% fund, or a portion of it. They can ask the ECA directors and Congress of the United States, to employ this fund, or part of it, to build up an INSURAN-

CE FUND to reimburse eventual private investment losses. In other words, the same capital in national money needed in developing these reconstruction projects -- which is today advanced from this ECA fund -- will be advanced instead, by private investors of each nation, who will become co-owners of these projects and share their income. If some of these projects will prove, through their practical operation, to be a failure, then, these private investors will be compensated of their financial loss by this Insurance Fund.

Of course, this suggestion amounts to the same as considering the ECA's fund as an "outright gift". However, many American leaders among whom Undersecretary of State, William L. Clayton, stated that this financial aid to foreign people should be considered as "an outright gift" rather than a loan, because "it is essential to our own security". Furthermore, for the average American citizen these ECA funds are already considered as an outright gifts.

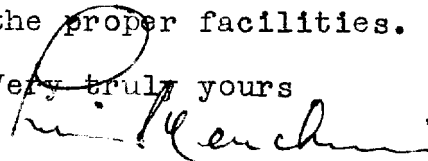
If this suggestion could be worked out, several wonderful results could be achieved. First, a great confidence would be aroused among potential investors of every nation and a larger flow of private capital will be available for each nation's economic recovery; second, it will relieve a certain burden from the shoulder of the American taxpayers, because instead of a total loss -- as it is the case today -- there will be only an eventual partial loss; third, it would facilitate immensely the spreading of the People's Capitalism movement in every nation, and every member joining the "League" is a less potential communist; fourth, it would greatly help in making foreign people "stock minded" and therefore, paving the road for a larger and more efficient Point Four Program application and, finally, it would cut out the ground

under one of the most formidable argument of communists in their attempt to evidence the "imperialism" of America.

This is in fact, as we said, the fundamental reason why it is advisable that this movement of People's Capitalism be irradiated from Italy toward all nations of the world. The Italian capitalism cannot be accused of "imperialist" design, because it is exactly, as the famed Switzerland Navy.

All details are ready to be put into execution and a group of American citizens of Italian descent, very familiar with this plan are ready to go immediately to Italy and start the work, the moment the American Government is willing to help it informally, by putting at the disposal of this group of people the proper facilities.

Very truly yours



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